

~~CONFIDENTIAL~~

Sanitized - Approved For Release : CIA-RDP62S00231A000100180018-6

THRU : Assistant Director for Research and Reports  
THRU : Chief, Economic Research Area  
THRU : Acting Chief, Industrial Division  
THRU : Chief, Producers Equipment Branch

26 October 1959

Comments on Observations of Fayazul Melman Concerning the Soviet  
Machine Tool Industry

25X1A9a 1. Forwarded herewith are the comments of I/P2 analyst, 25X1A9a  
[redacted] on an article on Page 1 of The New York Times, October 28,  
1959, entitled "Soviet Gaining in Machine Tools Over West, Expert  
Reports."

2. In this article Professor Melman reported on the Soviet use of  
mass production techniques in the manufacture of machine tools and  
warned of future Soviet domination of world machine tool markets.

3. Professor Melman has correctly reported the situation as it  
exists in the three plants which he visited. The Soviets in these and  
other plants are using mass production techniques, which, combined with  
the high priority accorded the machine tool industry, enabled them in  
1958 to produce three times as many machine tools as the United States.  
Professor Melman's conclusions on efficiency cannot be applied to the  
Soviet machine tool industry as a whole, since the plants he visited  
are among the best in the industry, being considerably superior to  
the average Soviet machine tool plant.

4. The U.S. machine tool industry cannot effectively employ mass  
production techniques because the orders for individual types or models  
are too small to warrant large scale production.

5. The Soviets are currently exporting only small quantities of  
general-purpose machine tools outside the Bloc. We feel, however,  
that by 1965 they will be in a position to export large quantities of  
general-purpose machine tools at prices considerably below those of  
Western countries.

25X1X1

25X1X1

[redacted] Since he visited only the  
"show plants" of the industry, which have been observed by numerous  
other specialists, we doubt that this report will be of much value to us.

25X1A9a

Attachment: (not in record)  
[redacted] comments.

Sanitized - Approved For Release : CIA-RDP62S00231A000100180018-6

25X1A9a

~~CONFIDENTIAL~~